

## Message Text

SECRET

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 L-01 CIAE-00

INR-10 NSAE-00 RSC-01 SCS-01 SCA-01 PRS-01 DRC-01

EB-03 SSO-00 INRE-00 /048 W  
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O 151015Z JAN 74

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC IMMEDIATE 5116

S E C R E T SECTION 1 OF 2 NAIROBI 0367

LIMDIS

E.O. 11652: GDS

TAGS: BDIS, CPRS, KE, US

SUBJECT: KENYAN GOVERNMENT EXPELS U.S. BUSINESSMAN

BEGIN SUMMARY. KENYAN GOVERNMENT EXPELLED AMCIT JAMES SKANE, GENERAL MANAGER OF ESSO KENYA, ON THREE HOURS NOTICE NIGHT OF JANUARY 14. NO EXPLANATION OFFERED BY IMMIGRATION AUTHORITIES, BUT SKANE ATTRIBUTED ACTION TO HIS REFUSAL EARLIER IN EVENING IN CONVERSATION WITH RIFT VALLEY PROVINCIAL COMMISSIONER TO REINSTATE ESSO OIL DELIVERIES TO PRESIDENT KENYATTA'S FARM WHICH HE HAD SUSPENDED BECAUSE BILLS OWED TO ESSO BY FARM HAD NOT BEEN PAID FOR MORE THAN TWO YEARS. EMBASSY SUBSEQUENTLY LEARNED EXPULSION DECISION MADE PERSONALLY BY PRESIDENT KENYATTA WHO COULD NOT BE REACHED IN MOMBASA. ALTHOUGH EMBASSY SUCCEEDED IN RAISING PROBLEM BY PHONE WITH TOP RANKING KENYANS CLOSE TO PRESIDENT WITH REQUEST THAT EXPULSION BE DELAYED FOR 24 HOURS SO THAT UNDERLYING PROBLEMS COULD BE DISCUSSED, NONE PROVED WILLING TO INTERCEDE WITH PRESIDENT. INSTRUCTIONS REQUESTED. END SUMMARY.

1. JAMES SKANE, GENERAL MANAGER OF ESSO KENYA, HAD INFORMED CHARGE IN NOVEMBER THAT ESSO AFRICA WAS BECOMING INCREASINGLY CONCERNED OVER LARGE DEBT OWED TO COMPANY BY PRESIDENT KENYATTA'S NAKURU FARM FOR DELIVERIES OF PETROLEUM PRODUCTS DURING PAST TWO YEARS WORTH MORE THAN 200,000 SHILLINGS. HE SAID THAT EFFORTS TO

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COLLECT FROM FARM MANAGER AND THROUGH RIFT VALLEY PROVINCIAL

COMMISSIONER MATHENGE HAD BEEN UNSUCCESSFUL, BUT THAT HE WAS CONTINUING HIS EFFORTS AND DID NOT DESIRE OFFICIAL EMBASSY INTERVENTION. SUBSEQUENTLY, DISCREET INQUIRIES BY EMBASSY OFFICERS INDICATED MATHENGE (WHO IS TRUSTED PERSONAL FRIEND OF KENYATTA) GENUINELY HOPED TO PERSUADE KENYATTA (WHO REFUSES DELEGATE ANY AUTHORITY TO PAY PERSONAL BILLS) TO FOCUS ON PAYMENT OF THIS PARTICULAR BILL IN VERY NEAR FUTURE.

2. ON JANUARY 14 AT 1700 LOCAL SKANE PHONED ME TO REPORT PHONE CONVERSATION HE HAD JUST HAD WITH RIFT VALLEY PROVINCIAL COMMISSIONER MATHENGE IN COURSE OF WHICH HE AGAIN PRESSED FOR PAYMENT OF DEBT AND MATHENGE HAD IN TURN PRESSED HIM TO RESUME DELIVERIES OF OIL TO KENYATTA'S FARM WHICH SKANE HAD HALTED BECAUSE OF UNPAID BILLS. APPARENTLY TEMPER ROSE RAPIDLY IN COURSE OF THAT CONVERSATION AND WHEN MATHENGE WAS UNABLE PROMISE IMMEDIATE PAYMENT, SKANE AGAIN REFUSED RESUME DELIVERIES. MATHENGE REACTED ANGRILY AND DECLARED THAT AS OF THAT MOMENT HE COULD NO LONGER DO BUSINESS IN RIFT VALLEY PROVINCE.

3. WHEN SKANE ASKED MY ADVICE ON WHAT TO DO, I COMMENTED THAT SITUATION APPEARED TO BE TAKING SERIOUS TURN AND SUGGESTED THAT HE PHONE MATHENGE BACK IMMEDIATELY TELLING HIM THAT HE HAD CONSULTED WITH EMBASSY AND HAD DECIDED TO WAIT ABOUT 2-3 WEEKS FOR PAYMENT WHICH MATHENGE HAD EARLIER ASSURED HIM WOULD BE FORTHCOMING.

4. AT 1900 SKANE PHONED ME AGAIN TO SAY THAT HE HAD BEEN UNABLE TO REACH MATHENGE ON PHONE TO CONVEY THIS MESSAGE, BUT HAD JUST RECEIVED PHONE CALL FROM KENYA IMMIGRATION OFFICIAL ORDERING HIM TO REPORT IMMEDIATELY TO NAIROBI CENTRAL POLICE STATION WITH HIS PASSPORT. POLITICAL OFFICER SHERMAN AND I MET SKANE AT POLICE STATION 15 MINUTES LATER WHERE WE WERE INFORMED BY ASSISTANT IMMIGRATION DIRECTOR MSAFARI THAT HE HAD BEEN INSTRUCTED BY VICE PRESIDENT'S OFFICE TO EXPEL SKANE FROM KENYA ON NEXT AVAILABLE INTERNATIONAL FLIGHT WHICH WAS AN EAST AFRICAN FLIGHT LEAVING FOR LONDON AT 2300. MSAFARI SAID HE HAD BEEN GIVEN NO EXPLANATION FOR VICE PRESIDENT'S DECISION AND AGREED TO RELAY MY REQUEST TO VICE PRESIDENT FOR 24-HOUR POSTPONEMENT OF EXPULSION ORDER TO ENABLE ME TO DISCUSS PROBLEM WITH APPROPRIATE GOV OFFICIALS NEXT DAY. HE LEFT ROOM AND APPARENTLY TALKED TO VICE PRESIDENT, BUT CAME  
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BACK WITH FIRMLY NEGATIVE REPLY AND STATEMENT THAT DECISION HAD REALLY BEEN MADE BY PRESIDENT KENYATTA AND THAT NOTHING COULD BE DONE.

5. SUBSEQUENT EMBASSY INQUIRIES IN VICE PRESIDENT'S OFFICE AND ELSEWHERE CONFIRMED KENYATTA'S PERSONAL ROLE IN DECISION AS WELL AS UNWILLINGNESS TOP OFFICIALS TO INTERCEDE WITH KENYATTA TO DELAY EXPULSION. PRESIDENT DESCRIBED BY ONE SOURCE AS VERY ANGRY.

IN LAST DITCH EFFORT I MANAGED TO REACH MOMBASA STATE HOUSE BY PHONE AT 2100, AND, ALTHOUGH UNABLE TO TALK TO KENYATTA, WAS ABLE TO OUTLINE PROBLEM TO MINISTER OF STATE KOINANGE AND REQUEST HIS INTERCESSION TO DELAY ACTION WHICH COULD HAVE POTENTIALLY HARMFUL EFFECT ON US-KENYAN RELATIONS. HE LISTENED CAREFULLY, AGREED TO LOOK INTO MATTER, AND SAID HE WOULD ADVISE ME BY PHONE IF ANYTHING COULD BE DONE. I HEARD NOTHING FURTHER FROM HIM BEFORE SKANE'S DEPARTURE.

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 SSO-00 L-02 EB-03

SCS-01 PRS-01 SCA-01 CIAE-00 INR-10 NSAE-00 RSC-01

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FM AMEMBASSY NAIROBI  
TO SECSTATE WASHDC IMMEDIATE 5117

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LIMDIS

6. ALTHOUGH I REQUESTED THAT SKANE BE PERMITTED TO RETURN HOME BEFORE BEING TAKEN TO AIRPORT, IMMIGRATION OFFICIAL REFUSED MY REQUEST. AT 2300 SKANE BOARDED EAST AFRICAN FLIGHT FOR LONDON WITHOUT PASSPORT (WHICH HE COULD NOT RETRIEVE FROM SAFE DEPOSIT BOX AT NIGHT) ON TICKET PROVIDED COURTESY OF GOK. SKANE ASSURED ME BEFORE LEAVING THAT, DESPITE HIS PERSONAL INDIGNATION, ESSO AFRICA PLANS NO PUBLICITY ON INCIDENT AND ASKED THAT I ASK GOK TO PERMIT HIM TO RETURN TO KENYA FOR 2-3 WEEKS TO WIND UP HIS AFFAIRS. HE HAS HOUSE AND CAR TO SELL AS WELL AS DEPARTURE ARRANGEMENTS TO MAKE FOR LARGE FAMILY. UNFORTUNATELY, KENYAN IMMIGRATION HAS OFFICIALLY DESIGNATED HIM AS A "PROHIBITED IMMIGRANT."

7. THIS EPISODE IS A RATHER SAD COMMENTARY ON CLIMATE FOR DOING BUSINESS IN KENYA AND CANNOT HELP BUT HAVE AN ADVERSE EFFECT ON ATTITUDES OF U.S. AND FOREIGN BUSINESS COMMUNITY AS AT LEAST PART

OF STORY GETS AROUND, ALTHOUGH ESSO AFRICA PLANS NO PUBLICITY.  
FACT THAT SKANE IS CURRENTLY CHAIRMAN OF AMERICAN BUSINESSMEN'S  
CLUB LIKELY TO EXACERBATE IMPACT ON U.S. BUSINESS COMMUNITY. I  
WOULD SUGGEST THAT EMBASSY AND DEPARTMENT MAKE NO PRESS RELEASE  
AND THAT WE LIMIT OURSELVES FOR PRESENT TO RESPONDING TO ANY  
INQUIRIES BY CONFIRMING THAT KENYAN AUTHORITIES DID ASK SKANE TO  
LEAVE KENYA AND THAT WE ARE SEEKING EXPLANATION FROM KENYAN  
GOVERNMENT. FOR WELL BEING OF SKANE FAMILY STILL HERE (WIFE PLUS  
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EITHT CHILDREN) AND, IN ORDER NOT TO RULE OUT POSSIBILITY OF  
SKANE'S RETURN TO WIND UP AFFAIRS, WE BELIEVE THAT REPORTED  
FAILURE OF KENYATTA TO PAY OIL BILLS AS UNDERLYING CAUSE OF  
INCIDENT SHOULD BE CLOSELY HELD.

8. I RECOMMEND THAT I BE AUTHORIZED TO DELIVER FAIRLY STRONG  
NOTE TO APPROPRIATE FOREIGN MINISTRY OFFICIAL TOMORROW MORNING  
REQUESTING EXPLANATION FOR SKANE'S EXPULSION, QUESTIONING NEED  
FOR ONLY THREE HOURS NOTICE WHICH CAUSED CONSIDERABLE HARDSHIP TO  
SKANE AND HIS FAMILY, AND REQUESTING PERMISSION FOR HIM TO RETURN  
TO KENYA FOR PERIOD OF 2-3 WEEKS TO WIND UP HIS AFFAIRS. PLEASE  
INSTRUCT BY IMMEDIATE.  
LINDSTROM

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## Message Attributes

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**TAGS:** BDIS, CPRS, KE, US, ESSO OIL CO, (SKANE, JAMES)  
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